

**INTERNATIONAL SECURITY / MIDDLE EAST UPDATE**  
**November 14 - 21, 2012**

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**1. [Clinton in Mideast for Talks on Israel-Gaza Conflict](#) (11-20-2012)**

By Stephen Kaufman  
Staff Writer

Washington — Secretary of State Hillary Rodham Clinton has arrived in the Middle East for face-to-face meetings with Israeli, Palestinian and Egyptian leaders in an effort to help end the violent conflict between Israelis and Palestinians living in Gaza.

“All of the parties involved have expressed a preference to solve this peacefully, to solve this diplomatically. That is what we are all trying to support and assist, and that is what we are all hoping for,” State Department spokeswoman Victoria Nuland told reporters in Washington November 20.

“We have to see an end to the rocket fire on Israel. We have to see a restoration of calm in Gaza,” she said.

Both the secretary and President Obama have been on the phone “nonstop” with regional leaders in recent days, Nuland said. The decision to send Clinton was to “continue and intensify that engagement now face-to-face.”

“Sometimes there's no substitution for showing up ... for doing what you can in person,” Nuland said, adding that it is “obviously important to leave no stone unturned.”

Nuland said Clinton is meeting with Israeli Prime Minister Benjamin Netanyahu, Palestinian Authority President Mahmoud Abbas and Egyptian President Mohamed Morsi.

In a statement released earlier November 20, Nuland said the secretary will be emphasizing the U.S. interest in a peaceful outcome to the conflict that will enhance Israel's security and regional stability, and will lead to improved conditions for Palestinian civilians living in Gaza.

She will also "continue to express U.S. concern for the loss of civilian life on both sides," Nuland said.

## U.S. SAYS EGYPT PLAYING IMPORTANT ROLE

White House Deputy National Security Adviser for Strategic Communications Ben Rhodes said President Obama telephoned Egypt's president ahead of Clinton's arrival and "commended President Morsi's efforts to pursue a de-escalation."

Speaking to reporters traveling with the president on his return to Washington from Cambodia, Rhodes said Obama underscored in the call that Morsi's efforts "reinforce the important role that President Morsi and Egypt play on behalf of regional security and the pursuit of broader peace between the Palestinians and Israelis."

Rhodes said Obama and Morsi have spoken three times over the past 24 hours, which he said "indicates that Egypt plays a very important role in this process."

Speaking earlier in Cambodia, Rhodes said the violence in Israel and Gaza presents "a difficult challenge" for leaders in the region.

"What's at stake here is whether or not we can come together, and ... see leaders take decisions to support a de-escalation that ultimately can avert a greater loss of life from what we've seen the previous several days," he said.

"Ultimately, what we want to achieve is two states living side by side in peace and security. And that is going to be much harder to achieve if you're going to have conflicts like what we've seen in Gaza, which make it that much more difficult to pursue what is already an incredibly difficult challenge," he said.

[White House Briefing with Security Adviser Rhodes  
Clinton, Israeli Prime Minister Netanyahu before Their Meeting](#)

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## **2. Panetta Details Steps Needed to End al-Qaeda Threat (11-20-2012)**

By Cheryl Pellerin  
American Forces Press Service

WASHINGTON, Nov. 20, 2012 – For the United States and its allies, ending the al-Qaida threat calls for a modified military footprint, close work with partners and continued U.S. involvement in regions of the world where violent extremism has flourished, Defense Secretary Leon E. Panetta said tonight.

Addressing a large audience here at the Center for a New American Security, the secretary discussed significant national security challenges and opportunities ahead.

He also outlined priorities that characterize the approaching end of the longest period of sustained armed conflict in the nation's history.

The priorities, Panetta said, are fighting the war against al-Qaida and its affiliates, ending the war in Afghanistan, implementing the new defense strategy, meeting fiscal responsibilities, countering nuclear proliferation, improving cybersecurity, achieving greater energy security, implementing the Asia-Pacific rebalance, and taking care of service members, veterans and military families.

"But tonight I wanted to focus on the goal that still remains at the top of the priority list, as it must. That goal that the president made very clear -- that we have a responsibility to disrupt, degrade, dismantle and ultimately defeat those who attacked America on 9/11 -- al-Qaida," the secretary said.

"... To protect Americans at home and overseas," he added, "we need to continue to pursue al-Qaida wherever they go, whatever form they take, wherever they seek to hide. We must be constantly vigilant, we must be constantly determined to pursue this enemy."

What will it take, he asked, to achieve the end of al-Qaida?

The essential first step is to finish the job that the United States and its coalition partners began in Afghanistan, he said, "and we are on track to do that."

As the United States and its NATO partners agreed at the 2010 summit in Lisbon, Panetta said, Afghans must be responsible for their own security by the end of 2014.

This transition will require continued commitment by the international community and the United States to help Afghan forces achieve this goal, he added.

"We have come too far. We have invested too much blood and treasure not to finish the job," the secretary said. "There are no shortcuts, nor can we afford to turn away from this effort when we are so close to achieving success and preventing al-Qaida from ever returning to this historic epicenter for violent extremism."

In Afghanistan and Pakistan, prolonged military and intelligence operations have significantly weakened al-Qaida, Panetta said.

The terrorist group's most effective leaders are gone, its command and control has been degraded and its safe haven is shrinking, he added, but al-Qaida remains.

"We have slowed the primary cancer but we know that the cancer has also metastasized to other parts of the global body," the secretary said. Two examples of that spreading al-Qaida presence are Yemen and Somalia.

In Yemen, for example, the capabilities of al-Qaida in the Arabian Peninsula, or AQAP, are growing. This group has targeted the United States for attack and sowed violence and chaos in Yemen itself, Panetta said.

"We have struck back in an effort to disrupt and dismantle this group through a very close partnership with the government of Yemen ... and the Yemenese themselves," he added.

In Somalia, against the militant group al-Shaabab, progress also has been made, the secretary said, "in large part because of an effective partnership between the United States and the African Union Mission in Somalia."

But the challenge is far from over, Panetta said.

"President Barack Obama has made clear, we will fight not just through military means but by harnessing every element of American power -- military, intelligence, diplomatic, law enforcement, financial, economic and above all the power of our values as Americans," the secretary said.

The second step in achieving the end of al-Qaida, Panetta said, involves maintaining pressure on al-Qaida in Pakistan, on AQAP in Yemen, and on al-Qaida-associated forces in Somalia.

That means degrading the terrorists' senior leadership, dismantling their organizational capabilities, remaining vigilant to ensure the threat does not reconstitute, and working to build the capacity of U.S. partners, including Pakistan, to confront these shared threats, he added.

"Despite challenges in the bilateral relationship between the United States and Pakistan," the secretary said, "one area in which our national interests continue to align is defeating the terrorists on Pakistan soil that threaten both of us. We remain committed to pursuing defense cooperation based on these shared interests."

A third step is to prevent the emergence of new safe havens for al-Qaida elsewhere in the world that the group could use to attack the United States or its interests, he said.

"The last decade of war has shown that coordinated efforts to share intelligence, to conduct operations with partners, are critical to making sure that al-Qaida has no place to hide," Panetta told the audience.

"We will expand these efforts, including through support and partnership with governments in transition in the Middle East and North Africa," he added.

"This campaign against al-Qaida will largely take place outside declared combat zones, using a small-footprint approach that includes precision operations, partnered activities with foreign special operations forces, and capacity building so that partner countries can be more effective in combating terrorism on their own," the secretary said.

DOD will work whenever possible with local partners, he added, supporting them with intelligence and resources they need to deter common threats.

In Mali for example, Panetta said, "we are working with our partners in Western Africa who are committed to countering the emerging threat to regional stability posed by AQIM."

A fourth step needed to bring an end to al-Qaida involves investing in the future, he added, in new military and intelligence capabilities and security partnerships.

"Our new defense strategy makes clear -- the military must retain and even build new counterterrorism capabilities for the future," Panetta said.

As the size of the military shrinks, for example, special operations will continue to ramp up, growing from 37,000 members on 9/11 to 64,000 today and 72,000 by 2017, the secretary noted.

“We are expanding our fleet of Predator and Reaper unmanned aerial vehicles over what we have today. These enhanced capabilities will enable us to be more flexible and agile against a threat that has grown more diffuse,” Panetta said.

“We are also continuing to invest in building partner capacity, including through Section 1206 authority to train and equip foreign military forces. Our new Global Security Contingency Fund has been very helpful in placing new emphasis on cultivating regional expertise in the ranks,” the secretary added.

A final point that too often takes a backseat to operations against al-Qaida, Panetta said, is how to prevent extremist ideologies from attracting new recruits.

“Over the past decade we have successfully directed our military and intelligence capabilities at fighting terrorism,” he added. “And yet we are still struggling to develop an effective approach to address the factors that attract young men and women to extreme ideologies, and to ensure that governments and societies have the capacity and the will to counter and reject violent extremism.”

To truly end the threat from al-Qaida, the secretary said, “military force aimed at killing our enemy alone will never be enough. The United States must stay involved and invested through diplomacy, through development, through education, through trade in those regions of the world where violent extremism has flourished.”

This means continued engagement in Pakistan, he added, and following through on U.S. commitments to Afghanistan’s long-term stability.

Secretary of State Hillary Rodham Clinton has outlined a comprehensive strategy for North and West Africa that combines security assistance and economic development, strengthens democratic institutions and advances political reforms, Panetta said.

“... We will be vigilant and we will posture our military and intelligence forces to prevent and if necessary respond to threats of violence against our interests throughout the Middle East and North Africa, including threats against our embassies and consulates, and our diplomats themselves,” the secretary said.

“But to truly protect America, we must sustain and in some areas deepen our engagement in the world — our military, intelligence, diplomatic and development efforts are key to doing that,” he added.

Pursuing an isolationist path, the secretary said, “would make all of us less safe in the long-term.”

“This is not a time for retrenchment. This is not a time for isolation. It is a time for renewed engagement and partnership in the world,” Panetta said.

Biographies:

[Leon E. Panetta](#)

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### **3. Obama's Asia Visit Highlights Region's Priority for Second Term (11-16-2012)**

Washington — President Obama's first trip since his November 6 re-election will be to the Asia-Pacific region, which sends a "powerful signal" that the region will remain a strategic priority for the United States and a focus for its diplomatic activity, resources and engagement, says the president's national security adviser, Tom Donilon.

In remarks prepared for delivery November 15 to the Center for Strategic and International Studies in Washington, Donilon said Obama will be visiting Thailand, Burma and Cambodia November 17–20 and will participate in the East Asia Summit in Phnom Penh, Cambodia.

No American president has ever visited Burma or Cambodia, and Obama will be only the fifth U.S. president to visit Thailand, which Donilon described as "our oldest friend in the region."

Under President Obama's direction, the U.S. focus on the Asia-Pacific region is "grounded in a simple proposition," Donilon said.

"The United States is a Pacific power whose interests are inextricably linked with Asia's economic, security and political order. America's success in the 21st century is tied to the success of Asia," he said.

As part of this, the Obama administration's overarching objective is to "sustain a stable security environment and a regional order rooted in economic openness, peaceful resolution of disputes, democratic governance and political freedom."

Across the region, the United States hopes to see the rise of new powers occur peacefully, where vibrant commerce will be empowered by free access to trade routes and cyberspace, and where the peoples of the Asia-Pacific region "increasingly have the ability to influence their governments and universal human rights are upheld," Donilon said.

#### **BURMA VISIT TO ENCOURAGE REFORM AND DEMOCRATIZATION**

Donilon said President Obama's November 19 visit to Burma reflects his conviction that engagement with the country's authorities is "the best way" to encourage them to continue recent steps toward reform and democratization after nearly five decades of military rule.

"In becoming the first U.S. president to visit Burma, the president is endorsing and supporting the reforms under way, giving momentum to reformers and promoting continued progress," he said.

Along with government officials, Obama plans to meet with opposition figures — including Aung San Suu Ky — and civil society representatives to "demonstrate that the U.S. can be counted on as a partner when a government makes the right choices," Donilon said.

Donilon stressed that progress still needs to be made in Burma, including the unconditional release of remaining political prisoners, steps to establish the rule of law and an end to the country's ethnic conflicts and discrimination against the country's Muslim minority Rohingya population. U.S. officials also want to see an end to the use of child soldiers, and see humanitarian and human rights groups get expanded access to conflict areas, he said.

In a November 15 conference call with reporters, U.S. National Security Council (NSC) Senior Director for Multilateral Affairs and Human Rights Samantha Power said President Obama has



indicated his willingness to engage countries across the world that show a concrete will to reform and make political progress.

“The president is sending a signal to other countries where reform either is not happening or repression is happening that ... if you take these steps ... we will meet you action for action,” Power said.

Power said President Obama will encourage more Burmese voices to become engaged, such as youth, businesspeople, teachers, lower-ranking members of the military and other citizens, to “take ownership of this process now as it enters its next phase, and to build the checks and balances that are really the requirement in this country for these reforms to be sustainable and for this to become a true democracy over time.”

The NSC’s senior director for Asia, Danny Russel, said the president’s visit comes at a moment when U.S. officials believe Burma’s leaders “have put their feet on the right path,” and that it is critical that “we not miss a moment to influence them to keep them going.”

The United States wants to help make Burma’s progress “irreversible,” Russel said. “We want to show the people of Burma that there are benefits to be had from the hard work, and move some of the leaders off this fence and into the reform program.”

Deputy National Security Advisor Ben Rhodes said that in response to reforms, the Obama administration has lifted a “substantial amount” of U.S. economic sanctions, which will allow U.S. investment and U.S. companies into the country.

Rhodes said this will help “the development of a private sector within Burma that can create a broader base of prosperity in a country where the government controlled so much of the economy in the past.”

“We see Burma as an important potential partner for the United States going forward if they continue down this path of reform,” Rhodes said, adding that if the country can duplicate the type of democratic development by many of its neighbors “it could be an extraordinary boost to the economy of the region and to the global economy.”

[White House Security Adviser on Policy toward Asia, Obama Trip](#) (11-15-2012)  
[U.S., Thai Leaders Move Defense Alliance into 21st Century](#) (11-15-2012)

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#### **4. Australia-U.S. Alliance Benefits Asia-Pacific, Clinton Says (11-14-2012)**

By Stephen Kaufman  
Staff Writer

Washington — Secretary of State Hillary Rodham Clinton says the long-standing alliance between the United States and Australia offers the Asia-Pacific region “an anchor of peace and prosperity.”

“From the Indian Ocean to the Pacific Islands, American and Australian navies protect the sea lanes through which much of the world’s trade passes, and increasingly our cybersecurity experts collaborate to keep our networks safe and online commerce flowing freely,” Clinton said November 14 in remarks following the 2012 Australia-U.S. Ministerial Consultations (AUSMIN) in Perth, Australia.

Both countries are also working to finalize the Trans-Pacific Partnership, which is aimed at lowering trade barriers, raising labor and environmental standards, and promoting economic growth across the Asia-Pacific region, she said.

Canberra and Washington are preparing for the East Asia Summit in Cambodia November 17–20, which President Obama is planning to attend. Clinton said the United States and Australia are working on a shared regional agenda that includes a comprehensive code of conduct for the South China Sea, support for continued reforms in Burma and work to eliminate nuclear weapons from the Korean Peninsula.

The secretary said the strong bilateral relationship between the United States and Australia "can also help foster strong, healthy relations with China," and she said the entire region "will benefit from a peaceful rise of China."

"We welcome a strong and prosperous China that plays a constructive and greater role in world affairs," Clinton said. At the same time, "we also want to see China act in fair and transparent ways that respect international norms and standards, follows international law, protects the fundamental freedoms and human rights of its people and all people."

Speaking with Clinton, Defense Secretary Leon Panetta announced that Australia and the United States have signed an agreement to relocate a C-band ground-based radar system from the West Indies to western Australia. He said both countries have also discussed bringing a U.S. advanced ground-based space surveillance telescope to provide better access for both countries to wide-band global satellite communications satellites.

"All of that represents a major leap forward in bilateral space cooperation and an important new frontier in the United States rebalance to the Asia-Pacific region," Panetta said.

Australian Defense Minister Stephen Smith said satellite communications have an important commercial and social impact.

"There is now so much debris in space that being acutely aware of space debris is very important to all nation-states," Smith said, adding that the relocation of the C-band radar system "will add considerably to the surveillance of space debris in our part of the world."

According to the [AUSMIN 2012 Joint Communiqué](#) released by the State Department November 14, U.S.-Australian defense cooperation is enhancing both countries' abilities to provide humanitarian assistance and respond to natural disasters.

"Such investment in bilateral preparedness reinforces our combined capacity to respond effectively with other partners to disasters, humanitarian emergencies and fragile and conflict-affected states across the Asia Pacific and globally," the communiqué states.

Both countries said they intend to work with Indonesia on humanitarian and disaster relief responses, including participation in a regional exercise that Indonesia will host in 2013 that will "enhance our ability to respond and work together in the region in the event of a humanitarian or natural disaster."

[Clinton at Opening of AUSMIN Ministerial Meeting](#)  
[State Dept. on U.S.-Australia Defense Trade Cooperation Treaty](#)  
[U.S.-Australia Conference Points to Possibilities](#)



## **5. State's Gordon on U.S. Policy toward the Balkans (11-14-2012)**

*Remarks by Philip H. Gordon, Assistant Secretary, Bureau of European and Eurasian Affairs, Atlantic Council, Washington, DC, November 13, 2012*

Thanks, Damon. It really is a pleasure to be here. Thanks also to Fran for inviting me and giving me this opportunity to address what I know will be a valuable workshop over the next day or two.

As Damon mentioned, it's not something -- it's not just something I would have wanted to address anyway, but it's particularly timely given the trip that Secretary Clinton just took to the region accompanied in part by EU High Representative Ashton.

I'd like to begin with a point that Damon also stressed in his introduction which is putting this in some global context. I think it goes without saying that the United States at this moment is facing a world full of tremendous global challenges. The conflict in Syria, the transition in Afghanistan, the economic slowdown in Europe, the challenges in North Africa, and we've been obviously responding to those challenges on a day-to-day basis -- but the point I want to begin with, that again Damon you alluded to, is even as we face these tremendous challenges all over the world, we have never lost sight of the fact that we maintain a deep and historic interest in the Western Balkans, which is a part of the world where the United States has invested so much and where we have so many friends and interests, and I think the Secretary's most recent visit to the region just a couple of weeks ago reaffirmed that abiding American commitment to supporting democracy and stability and prosperity in that region.

Just as the United States and the European Union are working hand in hand on these global challenges, as some of you have heard me address our partnership and cooperation with Europe globally here and elsewhere, we're doing so in the Balkans, and I can't stress that point enough.

It's not a competition. Indeed, on the contrary, we know, we in the United States know, we cannot succeed in the region without Europe and Europe cannot succeed without us.

The prospect of EU membership has provided a strong incentive for countries to reform their economies, to advance their democracies, and to make peace with their neighbors, and we in the United States have strongly supported that process in Central and Eastern Europe, where it's been an enormous success, and we strongly support it in the Balkans.

Again, I think this very close cooperation was most visibly demonstrated by the joint trip that Secretary Clinton and High Representative Ashton took. Secretary Clinton hasn't done other joint trips with foreign ministers, but here we thought it was important for them to show up in some of these countries together. They went together to Bosnia, to Serbia and to Kosovo, with exactly the same message for the peoples and leaders in the region.

Their joint visit reaffirmed our continued commitment to integrating all of the Balkan region into Europe and into the West, and we've said many times that in our view Europe will never be complete until all of the Western Balkans are fully integrated.

At the same time they were able to make clear that progress depends on political leaders' willingness to overcome the divisions and the narrow nationalism and the inflexible economies that have no place in the 21st century.

So let me say a few words about how the United States sees the current situation in the region, and I'll do so by addressing the countries in the order in which the Secretary visited them, starting with Bosnia and Herzegovina.

Earlier this year after a 16-month political stalemate, Bosnia appeared to be getting back on track with the formation of a government and the adoption of laws needed to advance its Euro-Atlantic integration. However, this progress stalled several months ago over narrow personal and political agendas as well as attempts to stoke ethnic fears.

Ongoing efforts to reshuffle the state and federation governments are an unwelcome distraction from the economic and political priorities, including EU-NATO membership, that the main parties profess to support.

The priorities are clear: a functional and sustainable government, respect for state institutions and the Dayton Framework, and completion of the steps required for advancing the EU and NATO membership processes.

Now that Bosnia has successfully held local elections, Secretary Clinton and High Representative Ashton called on political leaders to complete immediately the requirements needed in order to submit a credible EU candidacy application and to activate NATO's Membership Action Plan this year.

While we have no illusions about the difficulty of this process, we know that it is the only path to a prosperous and stable future for the country.

In order for Bosnia and Herzegovina to keep pace with positive developments elsewhere in the region it must also be able to function as a state that can deliver results for all its citizens. Rhetoric challenging Bosnia's sovereignty and territorial integrity continues to raise doubts about whether politicians in Republika Srpska are truly committed to the Dayton Framework and EU integration. Secretary Clinton made clear in Sarajevo that the United States strongly supports the Dayton Framework -- one state, two entities and three constituent peoples. Republika Srpska is and must remain a constituent part of Bosnia and Herzegovina.

Let me say a few words about Kosovo and Serbia, both of whose Euro-Atlantic aspirations the United States strongly supports.

As you know over the last 18 months the United States has backed an EU-facilitated dialogue that seeks to normalize relations between these neighbors in order to provide stability in the region as well as the lives of people in both countries.

We agree with our European allies that a country can't join the European Union when it lacks normalized relations with its neighbors. The dialogue, this EU-facilitated dialogue, achieved some practical results including agreements on freedom of movement, common recognition of diplomas, of land records, Integrated Border Management, and Kosovo's participation in regional forums. While there were initially delays in the implementation of these last two agreements, we are very pleased that the new Serbian government that was elected last spring has taken the necessary steps towards resolving differences, and expressed its commitment to EU integration -- signing the implementation protocols on Integrated Border Management, and allowing the agreement on Kosovo's regional participation to move forward -- these are both encouraging steps.

On October 19th the Prime Ministers of Serbia and Kosovo met together with High Representative Ashton in Brussels. At this first meeting in a new phase of the dialogue at that level, Prime Minister Dacic and Prime Minister Thaci both showed a commitment to the process and agreed to further meetings.

Secretary Clinton and High Representative Ashton's visits to Belgrade and Pristina underscored the unity of the U.S.-EU position as they encouraged both governments to fully implement the agreement which was reached already and to take concrete steps towards solving the impasse over Kosovo's north.

Ashton again hosted Prime Ministers Dacic and Thaci in Brussels on November 7th, further demonstrating their mutual desire to find a comprehensive solution to normalize relations between Kosovo and Serbia.

Let me be clear. The United States strongly supports Kosovo's sovereignty and territorial integrity, as do more than 90 other countries around the world, including the vast majority of European Union members. Neither we nor the EU expect Serbia to recognize Kosovo at this point, but Serbia will have to normalize its relations with a democratic sovereign independent multi-ethnic Kosovo within its current borders -- partition is not an option.

To move forward, Belgrade should end its support for the parallel security, governing and judicial structures in northern Kosovo and work with the international community to ensure freedom of movement for all. This in no way means abandoning Serbs, as some have alleged -- on the contrary, rather than asserting territorial claims Belgrade could support in a transparent manner the welfare of Kosovo's Serbs who would benefit enormously from normalization. Belgrade could work to find solutions that will give people there a normal life for the first time in 13 years. The status quo of isolation, wide-spread corruption and insecurity serves no one's interests.

At the same time Kosovo must continue to develop multi-ethnic democratic institutions and extend decentralization in order to allow local communities in the north as well as in the south to make more of their own decisions. We also expect Kosovo to respect the rights of all communities including Kosovo Serbs, and to preserve and protect their cultural and religious heritage.

On Serbia specifically, the United States continues to work with Belgrade to strengthen economic and business opportunities, enhance our military cooperation, and counter organized crime. Serbia has the ability to become a leading force for stability in the region. It is in our mutual interest to see Serbia prosper and achieve its European aspirations.

Turning to Kosovo, the country has considerably strengthened its political institutions over the last four years. The decision by the International Steering Group to end supervised independence in September validated this progress. However, work remains to be done on strengthening the rule of law, fighting corruption and organized crime, and tackling unemployment. The EU has clearly laid out the reforms necessary for Kosovo to continue its progress towards European integration, including the benchmarks for visa liberalization identified earlier this year, and the feasibility study released in October that identified no legal barriers to establishing a Stabilization and Association Agreement.

Kosovo's serious engagement with Serbia and active reform efforts demonstrate its desire to be a constructive partner with a clear European perspective.

Following these joint stops with High Representative Ashton, Secretary Clinton continued on to Croatia and Albania.

Croatia has proven to be a true leader in the region as its rapid reform progress led to NATO membership in 2009 and will lead to EU membership this coming July. Croatia's successful integration into Euro-Atlantic institutions should demonstrate to other candidate countries that despite talk of so-called enlargement fatigue, the EU's door really is open to countries that fulfill their responsibilities and meet the criteria -- reform your economies, reconcile with your neighbors, meet democracy and human rights standards, and you will ultimately join the European Union.

Momentum resulting from Croatia's transition should be cultivated as a model throughout the region.

Notwithstanding Croatia's considerable progress to date, more work remains to be done. In Zagreb, Secretary Clinton called on the government to continue efforts to improve public administration in the justice system, fight organized crime and corruption, and implement structural economic reforms.

The Secretary completed her trip in Albania. Her visit to Tirana came at a historic moment as she helped mark the 100th Anniversary of the country's independence in a speech to the parliament. For many years Albania was Europe's most isolated country under an oppressive dictatorship. Over the last two decades it has worked to strengthen its democracy and reform its economy. Albania joined NATO in 2009 and has become a valued member of the Alliance.

The European Commission's most recent progress report recommended EU candidacy status for the country pending passage of key pieces of legislation. Secretary Clinton made clear that Albania now stands at a critical juncture and she highlighted the need for free, fair, and transparent elections in 2013.

She also called on members of the parliament to work across party lines and move quickly on passing EU-mandated reforms. In particular, Albania's leaders must choose to leverage the progress achieved thus far by passing judicial and public administration reforms and revising parliamentary rules of procedure. The government also needs to make a concerted effort in fighting corruption and organized crime.

Finally, although the Secretary was unable to visit Montenegro and Macedonia on this trip, she underscored her commitment to the Euro-Atlantic aspirations of both countries in phone calls with their leaders after her visit to the region.

Montenegro has made solid progress towards NATO membership and opened EU accession negotiations earlier this year. In addition to holding successful elections last month, the country has also made important improvements in the areas of democratic governance, rule of law and media freedom. However, Podgorica must continue to address corruption and organized crime at all levels of society.

On Macedonia, the United States remains invested in the country's success. We continue to support the growth of civil society and strong democratic institutions as well as efforts to institutionalize principles of diversity and inclusion throughout government and society.

Although Macedonia has made progress in inter-ethnic relations, we are concerned about tension between communities and political divisions. We also remain troubled by continued reports of government interference with the independence of the judiciary and the media.

As you all know, Macedonia's name dispute with Greece continues to thwart its aspirations for NATO membership and the start of EU accession talks. We've been very clear that we were disappointed last spring that NATO was unable to welcome Macedonia at the Chicago Summit as we had hoped. But as NATO is a consensus organization, Macedonia and Greece must first resolve their bilateral disagreement before the Alliance can fulfill the membership offer that was offered at the Bucharest Summit.

Recently the Greek and Macedonian Foreign Ministers have exchanged letters reaffirming each side's commitment to resolving the name issue and we strongly support the ongoing UN process on this issue and we will embrace any mutually acceptable solution that emerges.

It is clearly in the United States' -- as in the interests of Europe and the entire Balkan region -- that Macedonia plays its full role in both NATO and the EU.

In closing, let me just say a few words about the overarching challenge of economic recovery. The United States has a profound interest in Europe's stability and growth, so I'm pleased to see that this workshop will also discuss the impact of economic issues on regional integration.

The political challenges that I have focused on today have undoubtedly been exacerbated by Europe's economic difficulties. The economic slowdown in Europe could have been an opportunity for Balkan leaders to focus on pressing domestic challenges including the need for rule of law reforms in the promotion of a stable investment climate. Instead, it has led to a worrying increase in nationalist rhetoric and the reemergence of chauvinism as a political rallying point.

Foreign investors will continue to bypass countries plagued by corruption, cronyism, weak state structures and political instability. By strengthening their economies as well as their political institutions, Western Balkan countries can become democratic, prosperous and capable allies that can contribute to Euro-Atlantic efforts to address global challenges.

The United States, working in close partnership with the European Union, remains committed to completing the unfinished business of Europe. However, as Secretary Clinton and High Representative Ashton also made clear, local political leaders must move past ethnic divisions and personal interests and focus on delivering the genuine reforms demanded by their citizens. If they do, they can count on the continued Trans-Atlantic support until Europe's democratic process is fulfilled.

Thank you all very much for your attention, and Fran, I look forward to continuing the discussion with you on stage.

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